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## **WORKING DOCUMENT**

on Innovation Union: Transforming Europe for a post-crisis world

Committee on Industry, Research and Energy

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## **Introduction**

The importance of innovation for Europe is evident. The European Union needs innovation to boost its global competitiveness, harness its knowledge base, enhance its economic position, and tackle the grand societal challenges of the 21st century.

To date, the Innovation Union initiative is the most significant and concrete attempt at an integrated European Innovation Policy. The policy's success depends upon a well-coordinated cooperation and maximum involvement of all relevant players on the community, regional, national and European level.

The endeavours to stimulate innovation through the completion of the single market as well as a strong industrial and trade policy with attention to security of supply of raw materials are paramount.

Based on the involvement of all the partners, and their enthusiasm, it is to be expected that there is enough food for thought. This working document is the start to creating a joint innovation.

### **Power to the citizen - people centred innovation:**

Even though the Innovation Union seeks solutions to the grand societal challenges, the document remains unclear as to the ways citizens will be directly engaged in innovation. The demands of citizens should be the main focus in driving innovation and allow citizens to be engaged as co-creators.

The Commission has rightly acknowledged that there is an increasing skills gap between education and research and innovation. The public and private sector should invest in bridging these gaps by stimulating projects such as: 'education for creativity / education to innovate' an innovative society by using a bottom up approach. Europe's economy should be a knowledge based society.

### **Social innovation:**

The Innovation Union must improve the returns from European research - not only in terms of technological or business returns but in terms of social returns as well. As Europe is facing serious societal challenges, the European Commission has rightly based its ideas around them. These grand challenges need both technical innovations and social innovations; they can not be seen as separate from each other and should be used side by side simultaneously. Social innovation should benefit from all support measures dedicated to innovation in general.

The intention of the European Commission to launch a European Social Innovation pilot by 2011 (Innovation Union commitment No. 7) is very much welcomed. Nevertheless, it is not enough to have an isolated pilot project. Social innovation should be included - wherever appropriate - in the Innovation Partnerships, starting with the pilot on healthy ageing.

Special innovation is multi-faceted, for example, innovation instigated by the public sector and social innovation adopted in social and management processes. Extra attention must be given to support process/management innovation (e.g. energy savings or labour processes).

### **Defragmentation of policy and financing:**

In the Communication on Innovation Union it is acknowledged that the whole system of EU research and innovation programmes has become too complex. Thus, the Commission calls for simplification. One way to achieve simplification - especially for SMEs - could be to introduce a 'one-stop shop'. Thus creating one (service) counter where SMEs, researchers, universities, research centres, regions, businesses etc. can apply for European, national and local funding of research and innovation. The 'one-stop shop' could equally render services such as introducing various actors to the future European Innovation Partnerships.

Europe needs a new approach to financing innovation in order to reach dynamic innovative small firms and help them to grow. New partnerships are needed to share the risks as well as improve the possibilities to combining funds between the instruments available, if necessary also on a transnational basis. Furthermore, in order to drive social innovation funds need financing at the EU level.

### **Public Procurement:**

As recognised by the Commission in its Communication on the Innovation Union, public procurement accounts for 17% of the EU's GDP and can therefore be a major tool to create an innovation-friendly atmosphere (Innovation Union commitment No. 19). Despite several incentives, at present few procurement accounts, including pre-commercial procurement is aimed at innovative products and services. The question is: how can these procurement accounts be stimulated? By obliging governments or by setting (binding) targets? What can we learn from examples such as the Netherlands or the United States?

### **Intellectual Property - Community Patent and European Patent Jurisdiction:**

A strong and balanced IPR system is one of the most important framework conditions for innovation. Therefore a comprehensive intellectual property strategy must be worked out for the EU.

It is not acceptable that the costs of a patent in Europe may be tenfold the cost of the same patent in the USA or Japan. The unification of the national patent systems in Europe has been under discussion since the late 1960s, albeit with little success.

The intention of the Commission to establish a Community Patent (Innovation Union commitment No. 14) is strongly supported. Member States are requested to present an agreement in 2011 and to avoid possible enhanced cooperation procedures amongst willing Member States. The right of patenting is far too important to be fragmented within the single innovation market.

In concurrence with the establishment of a Community Patent also a unified European Patent Jurisdiction should be tackled without further delay.

An EU wide activity and market for trading and sharing Intellectual Property is needed, including facilitating the access to unused IPs.

### **Indicators:**

In order to evaluate the implementation of the Innovation Union and to monitor the development of R&D and innovation in Member States, it is important to have well-designed innovation indicators. The STAR metrics initiative, which is underway in the United States of America, could serve as an example or be used as a guideline to facilitate the identification of such possible indicators best reflecting R&D and innovation intensities. The indicator must focus on output and impact while ensuring international comparability.

### **European Innovation Partnerships (EIP):**

In the Innovation Union, European Innovation Partnerships (EIP) are introduced (Innovation Union commitments No.'s 20 and 21). The EIPs introduces a new innovative concept aiming to create a synergy between existing and future European and Member State initiatives in the field of innovation as well as maximizing and accelerating the delivery of results and benefits to Europe's society.

The EIPs must not allude to a new programme, but must serve as a tool that provides stability by setting minimum criteria in research and development. The added value of EIPs compared to JTIs, the JP, the ETPs, the ERA, the EIT and the Lead Market Initiative is that it is not an additional research or innovation program, but rather an instrument to coordinate the existing programs and thereby eliminating the current fragmentation. In order to be successful, EIPs should set ambitious yet feasible goals that inspire both citizens and businesses. Examples of inspiring "Man on the Moon" goals could include:

- CO2 neutral housing by 2020
- 50% reduction of traffic CO2 by 2016
- No more landfills by 2020
- Average EU life expectation of 80
- 95% recuperation of rare earths by 2025

The first pilot partnership on Active and Healthy Ageing, warmly welcomed by the European Parliament, sets such a clear goal:

- Extending average healthy lifetime with two years

### **Boosting the role of SMEs:**

SMEs play a highly important role in making innovation successful. The Innovation Union acknowledges that SMEs have a large and important contribution to make. To boost the role of SMEs, sufficient access to capital should be ensured (Innovation Union commitments No. 11 and 12) and the administrative burden should be lowered.

**More focus on the regions:**

Regions are essential in boosting local economic activities, since they provide the infrastructure for research, energy and mobility. The importance of regions cannot be stressed high enough. Regions must therefore play an active and vital role in the European Innovation Partnerships.